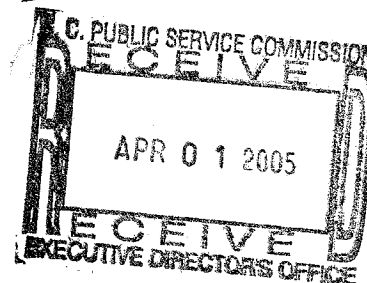


BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2004-357-W/S



IN RE: )  
)  
Application of Carolina Water Service, )  
Inc. for adjustment of rates and charges )  
and modification of certain terms and )  
conditions for the provision of water and )  
sewer service. )  
\_\_\_\_\_ )

**FURTHER RESPONSES TO OFFICE  
OF REGULATORY STAFF'S FIRST  
CONTINUING DATA REQUEST**

**TO: THE OFFICE OF REGULATORY STAFF AND ITS ATTORNEYS, FLORENCE P. BELSER, ESQUIRE AND C. LESSIE HAMMONDS, ESQUIRE**

Carolina Water Service, Inc., ("Applicant" of "Company") further answers the February 23, 2005, First Continuing Data Request of the Office of Regulatory Staff ("ORS") as follows:

In setting forth its answers, Applicant does not waive any attorney/client, work product, or other privilege which may attach to information called for in, or which may be responsive to, these interrogatories. Applicant does not concede the relevance or materiality of these interrogatories or documents produced in response to same. Applicant reserves the right to question the competency, relevancy, materiality, and admissibility of any information or document provided herewith, and the right to revise, correct, supplement or clarify same. The above objections and privileges are asserted in the response to each interrogatory as if set forth verbatim at the beginning of each response. Where no response has been given, Applicant has been unable to respond within the time requested for response and submits that additional time is warranted given the nature, complexity and quantity of information sought and the scheduled hearing date. See Vol. 26 S.C. Code Ann. Regs. R. 103-804(X)(3) (1976). Responses to requests not provided hereby will be provided as soon as the Company is able to do so.

- 1.3 List the specific standards and regulations set by DHEC and other governmental agencies which justify Carolina Water Service, Inc.'s rate increase request as stated on page 4, paragraph 11 of the application. Provide the itemized cost to Carolina Water Service, Inc. for each standard and regulation. Provide a description of how Carolina Water Service, Inc. will meet the standard and/or regulation.**

Answer: The statutory and regulatory standards referenced would include the federal Clean Water Act (33 U.S.C.A. §§ 151-1387), the federal Safe Drinking Water Act (42 U.S.C.A. §§ 300f to 300j-26), the State Safe Drinking Water Act (S.C. Code Ann. §§ 44-55-10, *et seq.*

*QSB*

(Revised 2002 and Supp. 2004)) and the State Primary Drinking Water Regulations promulgated thereunder by the South Carolina Department of Health and Environmental Control ("DHEC") (24 A S.C. Code Ann. Regs. RR. 61-58, *et seq.* (Supp. 2004), and the Pollution Control Act (S.C. Code Ann. §§ 48-1-10, *et seq.* (1987 and Supp. 2004)) and the regulations promulgated thereunder by DHEC (24 S.C. Code Regs. RR. 61-9, *et seq.* (Supp. 2004)). There is no "itemized cost" of compliance with each of the foregoing available since the Uniform System of Accounts does not require that same be recorded by the Company and since the Company does not otherwise record costs in that fashion. Rather, costs of compliance are reflected in the full range of expenses (i.e., operations and maintenance and general and administrative expenses) and plant and facilities recorded by the Company. Compliance with a statute or regulation may require an additional employee to be hired, additional equipment or facilities to be installed, or additional chemicals to be purchased. The Company will comply with the standards and regulations by making the expenditures and investments needed to satisfy same, which will include the hiring of necessary employees, the retention of necessary expert engineering, legal and environmental consultants, and the acquisition and installation of necessary equipment and facilities.

**1.7 List the number of residential and commercial customers as of July 1, 2003, June 30, 2004 and January 1, 2005.**

Answer: Information responsive to this request for the year ending December 31, 2004 was provided to ORS Staff during its business compliance audit. The Company is compiling the data responsive to the mid-year requests and will supply that shortly.

**1.16 Please provide details on Uncollectible Accounts at June 30, 2000, 2001, 2002, 2003 and 2004; and provide the calculation for the proposed Uncollectibles associated with the rate increase.**

Answer: The Company objects to this request to the extent it seeks information for years prior to 2002 on the ground that information for that period the information sought is not relevant nor likely to lead to the discovery of admissible evidence. Information responsive to this request for calendar years 2002-2004 was provided to ORS Staff during its financial audit and during its business compliance audit.

**1.20 Provide details and documentation regarding any DHEC fines. If there are any, for what reasons and in what amounts were the fines issued? Provide a copy of the orders dictating the fines. Does Carolina Water Service, Inc. have any outstanding noted violations by DHEC? If so, what are they and provide a copy of the documentation by DHEC that outlines these potential violations.**

Answer: The Company objects to this request on the ground the information sought is not relevant nor likely to lead to the discovery of admissible evidence and that it is overly broad



since it does not specify any time period for which the information is requested. Subject to that objection, the Company further states that it does not, by the instant application, intend to include any such fines in allowable expenses. Also subject to that objection, the Company has previously provided to ORS Staff copies of orders responsive to this request. The Company is not in receipt of any notices of violation from DHEC.

**1.22 What “land & land rights” listed in Exhibit B, page 8 and 10, does Carolina Water Service, Inc. own and where is it located? Indicate the years each was placed in service and its purchase price. Does this include the business office in Lexington County, South Carolina?**

Answer: The land and land rights reflected in Exhibit B, pages 8 and 10 of the Application, include all fee simple real property owned and easements on real property held by the Company which is used and useful in providing utility service which have been booked in accordance with the Uniform System of Accounts and are reflected on the Company's General Ledger previously examined by ORS Staff. In calendar year 2004, the Company was issued approximately one hundred tax bills by the various counties in which it does business which were available for review by ORS Staff during its financial audit. Copies of these bills can be provided if requested. The years in which each of the fee simple properties and easements were placed in service varies. By way of example, Applicant attaches a copy of the on-line tax records for Lexington County, South Carolina, showing some 54 transfers into the Applicant since 1984. ORS is referred to the Company's annual reports on file with the Public Service Commission which reflect aggregate additions to land and land rights on an annual basis. Both in terms of annual and test year rate base and net utility plant, the amount of land and land rights claimed is *de minimis*. The Company would note that, since its last rate case in 2000, only \$2,000 worth of land and land rights have been acquired. Per the Uniform System of Accounts, improvements on such land – including the “business office in Lexington County” – are not recorded as land and land rights and are therefore not reflected in the referenced exhibit.

**1.38 Provide a copy of all contract terms and conditions for water providers and wastewater disposal with treatment providers.**

Answer: Copies of the pertinent contracts and related documentation are attached for the following bulk service arrangements:

1. Beaufort Jasper Water and Sewer Authority (Palmetto Apartments)
2. York County (Riverhills)
3. Town of Lexington (Westside Terrace)
4. West Columbia (I-20 and Idlewood)
5. Lexington County Joint Municipal Water and Sewer Commission (Lake Murray)
6. Richland County (Stonegate)
7. Richland County (Forty Love and Indian Fork)



8. Town of Chapin (Forty Love and Indian Fork)

Schedule A

- 1.42 Provide details for the Plant Acquisition Adjustment for water and sewer of (\$217,337) and (\$265,382) respectively.**

Answer: Attached is a schedule responsive to this request.

Schedule B

- 1.48 Explain the Operating Expenses Charged to Plant for water and sewer operations of (\$267,522) and provide details for the amount.**

Answer: A detailed explanation of this was provided to ORS Staff during its financial audit and in subsequent communications with Company personnel. Documentation containing further supporting detail was provided to ORS Staff via overnight delivery on or about March 24, 2005.

- 1.53 Provide the details for the per book Amortization of ITC and Amortization of CIAC.**

Answer: Attached is a schedule responsive to the request for amortization of contributions in aid of construction. The information requested with respect to investment tax credit amortization is being obtained and will be provided shortly.

- 1.56 Please provide a schedule detailing rate case expenses to date.**

Answer: Documentation supporting rate case expense incurred through February, 2005 has already been provided. The Company will update rate case expense incurred up to and through the evidentiary hearing in this case via a late-filed hearing exhibit.

- 1.61 Please provide the amount of water pumped, purchased, and sold by the company for the twelve months ended June 30, 2000, 2001, 2002, 2003 and 2004.**

Answer: The Company objects to this request to the extent it seeks information for years prior to 2002 on the ground that information sought for that period is not relevant nor likely to lead to the discovery of admissible evidence. The number of gallons sold for the years ended June 30, 2003 and June 30, 2002 is being generated and will be provided when available. The number of gallons sold for the test period was provided to the ORS Staff during the course of its business compliance audit. Below please find the other requested information.



1.	<u>Pumped</u>	<u>Purchased</u>
7/1/03 – 6/30/04	112,101,016	460,755,950
7/1/02 – 6/30/03	109,670,830	396,478,765
7/1/01 – 6/30/02	102,371,414	419,188,850

**1.62 Please provide the number of gallons of water treated for the twelve months ended June 30, 2000, 2001, 2002, 2003 and 2004.**

Answer: The Company objects to this request to the extent it seeks information for years prior to 2002 on the ground that the information sought for that period is not relevant nor likely to lead to the discovery of admissible evidence. Below please find the other requested information.

1.	<u>Treated</u>
7/1/03 – 6/30/04	748,318,700
7/1/02 – 6/30/03	833,841,200
7/1/01 – 6/30/02	679,471,700

**1.63 Please provide work papers detailing cost of debt, cost of equity, and return on rate base set forth in the Application.**

Answer: The information sought relating to cost of debt and return on rate base was provided to ORS Staff during the course of its financial audit. The Company does not have cost of equity work papers since its evidence in that regard will consist of expert testimony by a retained cost of capital witness whose testimony will be prefiled.

- 1.68 Please provide the balance for Accumulated Deferred Income Taxes at June 30, 2000, 2001, 2002, 2003 and 2004.**

Answer: The Company objects to this request to the extent it seeks information for years prior to 2002 on the ground that information for that period the information sought is not relevant nor likely to lead to the discovery of admissible evidence. Information responsive to this request was provided to ORS Staff during the course of its financial audit.

- 1.70 Since the Company's last rate case in Docket No. 2000-207-W/S, please identify any and all of the Company's systems that have converted from water supplied by Company-operated wells to bulk service from another supplier.**

Answer: None.

- 1.71 For each system identified above in response to 1.70, provide a detailed break-down of the net book value of the plant and other costs associated with providing service from Company-operated wells prior to the conversion.**

Answer: Not applicable.

- 1.72 Since the Company's last rate case in Docket No. 2000-207-W/S, please identify any and all of the Company's systems that have converted from sewer service supplied by Company-operated treatment facilities to bulk treatment service from another supplier.**

Answer: None.

- 1.73 For each system identified above in response to 1.72, provide a detailed break-down of the net book value of the utility plant and other costs associated with providing service from Company-operated treatment facilities prior to the conversion.**

Answer: Not applicable.

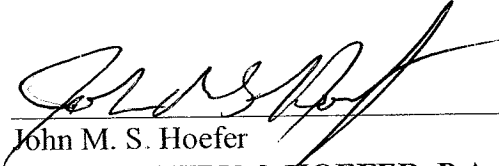
- 1.76 What are the Company's policies and procedures regarding bonuses for employees of Carolina Water Service, Inc. and Water Service Corporation? What are the Company's policies and procedures regarding bonuses for senior management and officers of Carolina Water Service, Inc. and Water Service Corporation?**

Answer: The Company has no such policies or procedures for its employees or senior management. Nor do any such policies or procedures for employees or senior management of Water Service Corporation exist. Bonuses are discretionary with the Company's Board of Directors.

6 

- 1.77 Does the company have any written guidelines for inspecting its systems and/or performing maintenance on its systems? If so, please provide guidelines.

Answer: Yes. See 26 S.C. Code Regs. RR. 103-560, 103-564, 103-754 (1976).



John M. S. Hoefer

**WILLOUGHBY & HOEFER, P.A.**

1022 Calhoun Street, Suite 302

Post Office Box 8416

Columbia, South Carolina 29202-8416

803-252-3300

Attorneys for Applicant

Columbia, South Carolina

This 30th day of March, 2005.

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2004-357-W/S**

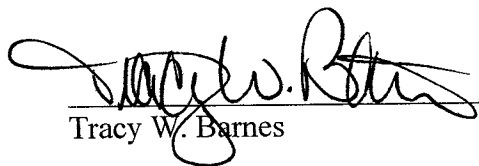
IN RE:

Application of Carolina Water Service,  
Inc. for adjustment of rates and charges  
and modification of certain terms and  
conditions for the provision of water and  
sewer service.

**CERTIFICATE OF SERVICE**

This is to certify that I have caused to be served this day one (1) copy of Carolina Water Service, Inc.'s Further Responses to Office of Regulatory Staff's First Continuing Data Request by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

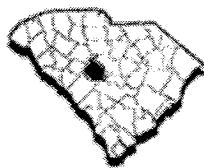
Florence P. Belser, Esquire  
C. Lessie Hammonds, Esquire  
**Office of Regulatory Staff**  
Post Office Box 11263  
Columbia, South Carolina 29211

  
Tracy W. Barnes

Columbia, South Carolina  
This 30<sup>th</sup> day of March, 2005.



# **Response to Request 1.22**



# Lexington County, SC

Good Friends and Great Communities


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**54 matches found.**

To view the image of a specific document, click **View Image** or to view the ROD data for a record, click **Book/Page**.

*To view a deed, mortgage or plat image you must allow the viewer to load on your display if requested.*

View Image	Book / Page	Last Name / Business Name	First Name	Middle Name	Record Date	File Type	Property Description
	5920 /347	CAROLINA WATER SERVICE			08/15/2000	DEED	LOT 41 ; PHA II , BRIGHTON FOREST
No Image	0672 /264	CAROLINA WATER SERVICE INC			08/14/1984	DEED	L & L WRENWOOD PH III
No Image	0682 /260	CAROLINA WATER SERVICE INC			10/04/1984	DEED	-1A
No Image	0683 /214	CAROLINA WATER SERVICE INC			10/10/1984	DEED	L & 27 A & EASEMENT SMALLWOOD EST
No Image	0697 /003	CAROLINA WATER SERVICE INC			12/21/1984	DEED	L 33 & 32 SAVANNAH POINTE
No Image	0725 /004	CAROLINA WATER SERVICE INC			05/03/1985	DEED	WELL SITE & EASE
No Image	0734 /311	CAROLINA WATER SERVICE INC			06/19/1985	DEED	PARCEL D INDIAN FORK
No Image	0785 /303	CAROLINA WATER SERVICE INC			02/14/1986	DEED	PARCEL E
No Image	0788 /208	CAROLINA WATER SERVICE INC			02/28/1986	DEED	WATER & SEWER SYSTEM L 81 PH I & EASE
No Image	0848 /171	CAROLINA WATER SERVICE INC			11/10/1986	DEED	L 12 DUTCHWOOD

No Image	0848 /173	CAROLINA WATER SERVICE INC			11/10/1986	DEED	PT L 15 B D CREEKWOOD & EASEMENT & R/W
No Image	0853 /192	CAROLINA WATER SERVICE INC			12/02/1986	DEED	TR THE LANDINGS PH III & EASEMENT
No Image	0864 /026	CAROLINA WATER SERVICE INC			01/09/1987	DEED	-1A
No Image	1488 /321	CAROLINA WATER SERVICE INC			12/21/1989	DEED	WATER LINES PH I II & III WRENWOOD
No Image	1530 /112	CAROLINA WATER SERVICE INC			02/27/1990	DEED	TR A1 & C RAWLS CREEK TREATMENT FACILITY
No Image	1706 /343	CAROLINA WATER SERVICE INC			11/05/1990	DEED	TRACT
No Image	1795 /342	CAROLINA WATER SERVICE INC			03/28/1991	DEED	L EASEMENT & RIGHT OF WAY
No Image	1918 /007	CAROLINA WATER SERVICE INC			08/30/1991	DEED	-1A
No Image	1997 /036	CAROLINA WATER SERVICE INC			12/16/1991	DEED	10.00
No Image	2125 /041	CAROLINA WATER SERVICE INC			04/20/1992	DEED	L
No Image	2220 /108	CAROLINA WATER SERVICE INC			07/22/1992	DEED	-1A
No Image	2433 /029	CAROLINA WATER SERVICE INC			02/05/1993	DEED	L 26 B A PH 1C GOVERNORS GRANT
No Image	2883 /092	CAROLINA WATER SERVICE INC			02/01/1994	DEED	TR A
No Image	3079 /180	CAROLINA WATER SERVICE INC			07/14/1994	DEED	L 8 B E PH III A GOVERNORS GRANT
No Image	3428 /118	CAROLINA WATER SERVICE INC			07/31/1995	DEED	L 144 B A PH III B GOVERNORS GRANT
No Image	3561 /144	CAROLINA WATER SERVICE INC			12/06/1995	DEED	L

No Image	3667 /103	CAROLINA WATER SERVICE INC			03/22/1996	DEED	-1A
No Image	3825 /099	CAROLINA WATER SERVICE INC			08/01/1996	DEED	L 89 B AA PH III D 1 GOVERNORS GRANT
No Image	3940 /300	CAROLINA WATER SERVICE INC			11/13/1996	DEED	L GOVERNORS GRANT PH III A
No Image	4099 /017	CAROLINA WATER SERVICE INC			03/27/1997	DEED	PARCEL B
No Image	4099 /019	CAROLINA WATER SERVICE INC			03/27/1997	DEED	PARCEL A
No Image	4099 /021	CAROLINA WATER SERVICE INC			03/27/1997	DEED	PARCEL C
GO!	4998 /131	CAROLINA WATER SERVICE INC			12/11/1998	DEED	L 144 B A PH III B GOVERNORS GRANT
GO!	5113 /210	CAROLINA WATER SERVICE INC			02/22/1999	DEED	DEED TO WATER LINES AND EASEMENTS
GO!	5113 /213	CAROLINA WATER SERVICE INC			02/22/1999	DEED	DEED TO WATER LINES AND EASEMENTS
GO!	5251 /155	CAROLINA WATER SERVICE INC			05/17/1999	DEED	L 8 B E PH IIIA GOVERNORS GRANT
GO!	5487 /284	CAROLINA WATER SERVICE INC			10/14/1999	DEED	WELL SITE #5 & EASEMENT
GO!	5856 /073	CAROLINA WATER SERVICE INC			06/30/2000	DEED	0.97 A
GO!	5856 /076	CAROLINA WATER SERVICE INC			06/30/2000	DEED	LOT
GO!	6243 /181	CAROLINA WATER SERVICE INC			03/14/2001	DEED	EASEMENT
GO!	6243 /184	CAROLINA WATER SERVICE INC			03/14/2001	DEED	LOT
GO!	6540 /058	CAROLINA WATER SERVICE INC			07/27/2001	DEED	0.149 A
GO!		CAROLINA WATER			08/09/2001		WELL SITE ,

	6574 /173	SERVICE INC				DEED	HARBOUR PLACE
GO!	6727 /295	CAROLINA WATER SERVICE INC			10/19/2001	DEED	SPARROW POINTE
GO!	6878 /232	CAROLINA WATER SERVICE INC			12/19/2001	DEED	PARCEL A & EASEMENT
GO!	6935 /211	CAROLINA WATER SERVICE INC			01/17/2002	DEED	PARCEL A & EASE
GO!	7128 /286	CAROLINA WATER SERVICE INC			04/09/2002	DEED	PT L 11 & 12 BLK G ; , ROLLINGWOOD
GO!	7225 /042	CAROLINA WATER SERVICE INC			05/21/2002	DEED	PT L 7 , BRIGHTON FOREST NORTH
GO!	7732 /294	CAROLINA WATER SERVICE INC			12/10/2002	DEED	0.84 A
No Image	0857 /247	CAROLINA WATER SERVICES INC			12/19/1986	DEED	PARCEL 1
No Image	0911 /288	CAROLINA WATER SERVICES INC			07/24/1987	DEED	1.03 A
No Image	0919 /056	CAROLINA WATER SERVICES INC			08/26/1987	DEED	WATER & SEWERAGE SYSTEM L & L & EASEMENTS
GO!	5122 /073	CAROLINA WATER SERVICES INC			02/26/1999	DEED	L 26 B A PH 1C GOVERNORS GRANT
GO!	5848 /052	CAROLINA WATER SERVICES INC			06/26/2000	DEED	WELL LOT

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# **Response to Request 1.38**

# Palmetto Apartments



POST OFFICE BOX 2149 / BEAUFORT, SOUTH CAROLINA 29901-2149  
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843/987/9292 FAX 843/987/9293  
Customer Service 843/987/9200  
Operations & Maintenance 843/987/9220 • Engineering 843/987/9250  
www.bjwsa.org

DEAN MOSS, General Manager

RECEIVED MAY 5 2002



May 1, 2002

Carolina Water Service Utilities, Inc.  
PO Box 240908  
Charlotte, NC 28224-0908

RE: Wholesale Wastewater Rate

Dear Sir or Madam:

In an effort to continue to provide environmentally sound wastewater treatment and disposal for your service area, the Beaufort-Jasper Water and Sewer Authority Board of Directors has adopted a rate increase for your wastewater service. Effective July 1, 2002 your wholesale wastewater service will be billed at the rate of \$3.72 per thousand gallons. While this rate is effective through June 30, 2003, it is our expectation that the rate will remain unchanged through June 30, 2005.

As always, we look forward to meeting the needs of our wholesale customers. Should you have any questions or concerns, please feel free to contact Paula Ziegler, Customer Service Manager, at 843-987-9270.

Sincerely,

William D. Moss  
General Manager

WDM/pz

JIM CARLEN  
CHAIRMAN

MICHAEL L. BELL  
JAMES P. "PAT" O'NEAL

WILLIAM P. HENDRICKS  
VICE CHAIRMAN

CHARLENE C. COOLER  
JOHN D. ROGERS

JOHN R. PHILLIPS  
SECRETARY/TREASURER

THOMAS C. DAVIS, ESQ.  
CHARLIE H. WHITE



# River Hills

STATE OF SOUTH CAROLINA   )  
                                      )  
COUNTY OF YORK               )

**AGREEMENT FOR USE OF WATER LINE**

THIS AGREEMENT made and entered into this 18th day of November, 1996, by and between York County, South Carolina, a body politic and political subdivision of the State of South Carolina, hereinafter referred to as "the County" and Carolina Water Service, Inc., a Delaware corporation, hereinafter referred to as "CWS,"

**WITNESSETH:**

1.(a) The County is authorized to construct and operate water and sewer systems and to grant franchises to private utilities to provide water and sewer service under the general law, enactments of the South Carolina General Assembly, and provisions of the Code of York County, South Carolina, as amended.

(b) CWS is a "public utility," as defined by the laws of the State of South Carolina, and is subject to the jurisdiction of the South Carolina Public Service Commission, which has established a service area including portions of York County for the water service which CWS provides.

(c) By Ordinance adopted February 17, 1992, by the York County Council, the County granted to CWS a non-exclusive franchise for the provision of water and sewer services to customers located within a defined geographical area of York County (the "CWS Franchise Area"), which area is more

particularly shown and described on Exhibit A attached to the Ordinance.

(d) The County intends to supply water and water distribution services and wastewater collection, transportation and treatment services within certain areas of York County.

The County and CWS entered into an Agreement, dated January 28, 1992, pursuant to which the County agreed to supply bulk water and water services to CWS and CWS agreed to accept such water and water services for use in the service to its customers in its established Franchise Area in York County.

(e) Under the terms and provisions of the Agreement between the County and CWS, dated January 28, 1992, CWS agreed to lease to the County an elevated water storage tank known as the River Hills elevated water storage tank. The County agreed to grant to CWS the use of a water transmission main constructed by the County within the CWS Franchise Area, subject to the terms and conditions of the Agreement between the parties dated January 28, 1992.

(f) The County has constructed and installed a high service water pump station and water main at the County's sole cost and expense, which the County is obligated to maintain, operate and repair to transport potable water to the CWS Franchise Area from a water supply or source contracted for by the County.

(g) By Lease Agreement, dated of even date herewith, CWS has leased the River Hills elevated storage tank and property on which it is located to the County.

2.(a) In consideration of the lease by CWS to the County of the River Hills Wastewater Treatment Plant and the River Hills elevated water tank, and in further consideration of the obligations, promises, covenants and conditions of CWS under the Agreement between the parties, dated January 28, 1992, a copy of which is attached hereto, marked Exhibit "A," and incorporated into and made a part of this Agreement by reference, the County hereby grants to CWS the right to the non-exclusive use of that portion of a water transmission main constructed by York County located within the CWS Franchise Area known as the Catawba Water System Improvement Water Main. The portion of the Catawba Water System Improvement Water Main referred to in this Agreement shall remain the property of the County, and the rights granted to CWS under the terms and provisions of this Agreement shall constitute a license for the use of the water main as herein described. No use by CWS of such water main, shall create or vest in CWS any property right or easement in the County's water main, pump stations, equipment or appurtenances. As-built drawings of the County's Phase IV Catawba Water System Improvements are attached hereto, marked Exhibit "B" and incorporated into and made a part of this Agreement by reference.

(b) The County shall maintain, operate and repair all County-installed high service pump stations, meters and transmission lines owned by the County at no cost or expense to CWS except as provided in Article III, Paragraph 5, of the Agreement between the parties, dated January 28, 1992, attached hereto as Exhibit "A," except for damage caused solely by CWS.

(c) The County agrees to permit new CWS customers to purchase water from the County's system upon purchase of a tap certificate from the County at a tap fee determined by the County from time to time in accordance with the County's ordinances and policies applicable to such taps.

(d) The County further agrees to allow customers of CWS and owners of lots contiguous to CWS distribution mains as such customers and owners existed on January 28, 1992, located in River Hills, Forest Oaks and Hamilton Harbor Subdivisions to purchase water from the County system without payment to the County of any tap certificate fee unless such customer has a change in service requiring a new tap.

(e) CWS shall give the County fifteen (15) days' notice of any taps to the County's water main and will provide notification to the County of any breaks in the water main immediately upon discovery by CWS.

(f) CWS may expand its water distribution facilities so as to serve customers not presently served by CWS but which are located in the CWS Franchise Area in accordance with the provisions of paragraphs 4, 5, 6 and 7 of Article III of the Agreement between the parties, dated January 28, 1992, attached hereto as Exhibit "A."

3.(a) CWS agrees to accept bulk water service from the County immediately on the execution of this Agreement for all areas within the CWS Franchise Area for which County water service is available. CWS agrees to purchase all of its water supply from the County commencing immediately upon the execution

of this Agreement. CWS acknowledges that the County has the right to set rates for wholesale water service provided by the County to CWS. CWS agrees to be responsible for collecting water charges and fees from its customers.

(b) CWS agrees to pay to the County such wholesale water rates and transportation and processing fees as may be established from time to time by the County, subject to the terms and conditions of this Agreement and the Agreement between the parties, dated January 28, 1992, attached hereto as Exhibit "A."

(c) The County agrees to provide a supply of potable water to CWS at a cost of Two and 96/100 Dollars (\$2.96) per (1000) gallons upon the effective date service is initiated. This initial rate shall remain in effect for a minimum of one (1) year from the date service is initiated.

(d) After the expiration of the initial one-year period, the County may adjust rates for water services in accordance with the terms and provisions of the County's rate schedule.

(e) At all times during the term of this Agreement, CWS shall be entitled to a most favorable wholesale rate for water services so that no other wholesale customer on the County's water system, including public and private entities, shall receive a lower rate for comparable services; provided, however, that this provision shall not apply to any commercial or industrial customers which make substantial capital contributions to the construction of any segment of the County's water system.

4. CWS agrees to provide the County a list of customers connected to the County's water system in the existing CWS Franchise Area as of the date of this Agreement and a list of such customers as they existed on January 28, 1992, the size of each tap, and the customer identification or classification, i.e., residential, commercial, industrial, etc. CWS further agrees to supply supplemental customer lists to the County on a bi-monthly basis to include connection date, size of connection and classification. CWS and the County further agree to keep each of them informed from time to time as to the status of the County's system and potential new connections to the County system or to the CWS system for planning and administrative purposes.

5. CWS shall retain ownership of its internal distribution water system in the CWS Franchise Area.

6. Upon request, the County agrees to provide CWS with copies of existing and future contracts with third parties for the supply of water which is used to provide water services to the CWS Franchise Area.

7. CWS agrees to pay to the County, within ten (10) days after it is billed, the total fees owed to the County for the previous bi-monthly service. CWS agrees to make an initial advance of one-month's payment to the County upon initial startup of the County water distribution main and system. Thereafter, CWS agrees to pay all fees, rates and charges for service bi-monthly. Such fees shall be computed as set forth in this

Agreement and in the Agreement between the parties, dated January 28, 1992, as the same may be adjusted and amended in the County's schedule of rates, fees and charges. If payment of duly computed fees and charges is not made within thirty (30) days following the end of a billing period, a late charge of one and one-half percent (1½%) shall be added to the total amount due. If payment of such fees and charges is not remitted within sixty (60) days of the due date, then the County may, upon ten (10) days after sending written notice by certified mail, return receipt requested, to CWS, withhold its services to CWS until such payments is remitted. If legal action is required to collect rates, fees and charges due the County, all costs of collection, including a reasonable attorney's fee, shall be added to the amount of the debt.

8. CWS agrees to operate and maintain its water distribution system within the CWS Franchise Area in accordance with the requirements of the South Carolina Department of Health and Environmental Control ("DHEC"), and CWS agrees to furnish the County copies of all reports CWS may be required to submit to DHEC from time to time.

9. CWS hereby agrees to act as agent for the County in connection with the sale of County tap certificates to the County system, and CWS agrees to remit the fees from the sale of such taps to the County on a bi-monthly basis. CWS agrees that it will not connect any customer within the CWS Franchise Area without first determining that such customer has purchased a



water tap certificate in accordance with the terms and provisions of this Agreement and, to the extent applicable, with the terms and provisions of the Agreement between the parties, dated January 28, 1992, attached hereto as Exhibit "A."

10. In the event that the County provides water services to other customers from the Catawba Water System Improvement Water Main, the County agrees to install such meters or other measuring devices within the CWS Franchise Area as will insure that CWS will be billed only for the water actually delivered to CWS's system.

11. The County and CWS acknowledge and agree that this Agreement is subject to all statutory and regulatory requirements of the State of South Carolina, county ordinances, laws and regulations, and all statutory and regulatory requirements, county ordinances and laws shall be incorporated into and made a part of this Agreement by reference.

12. If any party to this Agreement is prevented from complying with any term, covenant or condition of this Agreement by acts of God, floods, storms, explosions, fires, labor disputes, strikes, insurrections, riots, acts of the public enemy or federal, state or local laws, orders, rules or regulations, then while so prevented, the term, covenant or condition shall be suspended, and the party shall be relieved of the obligation of complying with such term, covenant or condition, and shall not be liable for damages or for failure to comply with them, and any obligation of any party shall be extended for so long as such

party is so prevented from complying with any term, covenant or condition contained in this Agreement. No party shall be excused from performing any term, covenant or condition of this Agreement solely because of the act or omission of such party.

13. If any party to this Agreement is prevented from complying with any term, covenant or condition of this Agreement by an event of force majeure, then while so prevented, the term, covenant or condition shall be suspended, and the party shall be relieved of the obligation of complying with such term, covenant or condition, and shall not be liable for damages or for failure to comply with them, and any obligation of any party shall be extended for so long as such party is so prevented from complying with any term, covenant or condition contained in this Agreement. An event of force majeure is (a) an act of God, floods, storms, explosions, fires, labor disputes, strikes, insurrections, riots, acts of the public enemy, or federal or state laws, orders, rules or regulations; or (b) an event which reasonably prevents a party's performances under this Agreement if such event could not have been avoided by such party through the exercise of reasonable care and judgment.

14. Waiver of any breach of the terms, covenants or conditions of this Agreement or the Agreement between the parties of January 28, 1992, attached hereto as Exhibit "A", or the non-performance of such agreements for any particular time shall not be construed as a waiver of any succeeding breach of the same or any other term, covenant or condition hereof, and the consent,

approval and acquiescence of either party to any such breach shall not waive or render unnecessary such consent or approval to or of any subsequent similar breach. No mention in this Agreement of any specific right or remedy shall preclude either party from exercising any other right or remedy or from maintaining an action to which it may otherwise be entitled, either at law or in equity, and the failure of any party to insist in any one or more instances upon strict performance of any term, covenant or condition of this Agreement or to exercise any right or option herein contained shall not be construed as a waiver or relinquishment for the future of any such covenant or right, but the same shall remain in full force and effect unless the contrary is expressed in writing by the party concerned.

15. Time is of the essence in each and every provision of this Agreement.

16. Except as provided in paragraph 8, this Agreement may be modified or amended only by a writing duly authorized and executed by the parties. This Agreement may not be amended or modified by oral agreements or understandings between the parties unless the same shall be reduced to writing duly authorized and executed by both parties.

17. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto, their respective successors and assigns.

18. This Agreement shall be deemed made in and in all respects shall be interpreted, construed and governed by and in accordance with the laws of the State of South Carolina.

19. This Agreement sets forth all of the covenants, promises, agreements, conditions and understandings between the parties with respect to the subject matter hereof, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between the parties with respect to such matters other than those set forth herein. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the parties unless reduced to writing and signed by the parties.

20. If any term, covenant or condition of this Agreement or any application thereof to any person or circumstance shall to any extent be declared invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term, covenant and condition of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

21. This Agreement shall extend for a term of commencing on the date of this agreement and extending through February 17, 2017, when it shall expire.

22. This Agreement is executed in multiple counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals to this Agreement in duplicate originals the day and year first above written.

Signed, sealed and delivered  
in the presence of:

[Signature]  
[Signature]

Signed, sealed and delivered  
in the presence of:

[Signature]  
[Signature]

CAROLINA WATER SERVICE, INC.

BY: [Signature]

Attest: [Signature]

YORK COUNTY, SOUTH CAROLINA

BY: [Signature]

Attest: [Signature]  
County Manager

STATE OF ILLINOIS

COUNTY OF COOK

PROBATE

PERSONALLY appeared before me David H. Demaree

   who made oath that    he saw the within named Carolina Water Service, Inc., by James Camaren, its

Chairman, sign the within

Agreement for Use of Water Line, and Andrew Dopuch

  , its Vice President

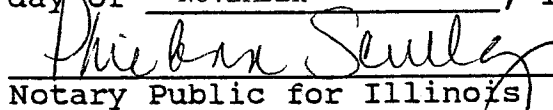
  , attest the same, and the said corporation, by said officers, seal said Agreement for Use of Water Line, and, as its act and deed, deliver the same, and that    he with David C. Carter

   witnessed the execution thereof.

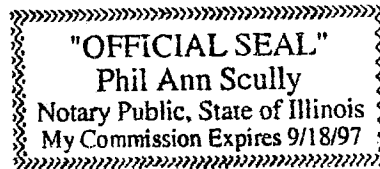


David H. Demaree  
Secretary

SWORN to before me this 14TH  
day of NOVEMBER, 1996.

 (SEAL)  
Notary Public for Illinois

My Commission Expires: 09-18-97

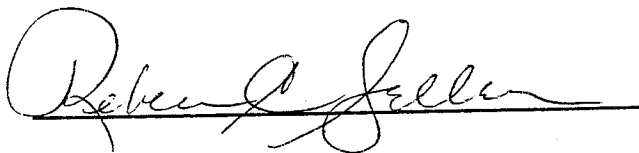


STATE OF SOUTH CAROLINA  
COUNTY OF YORK


)  
)  
)

PROBATE

PERSONALLY appeared before me Rebecca C. Sellers  
\_\_\_\_\_ who made oath that she saw the within named York  
County, South Carolina, by Carl L. Gullick  
, its Chairman, sign the within Agreement for Use of Water Line  
and J. Clay Killian, its County Manager, attest  
the same, and the said corporation, by said officers, seal said  
Agreement for Use of Water Line, and, as its act and deed,  
deliver the same, and that she with Melvin B. McKeown, Jr.  
witnessed the execution thereof.



SWORN to before me this 18th  
day of November, 1996.

 (SEAL)  
Notary Public for South Carolina

My Commission Expires: August 30, 2000

STATE OF SOUTH CAROLINA )  
COUNTY OF YORK )

AGREEMENT

THIS AGREEMENT ("Agreement") is entered into this 28 day of January, 1992, by and between York County, South Carolina (the "County"), and Carolina Water Service, Inc. ("CWS"), a Delaware corporation:

RECITALS

WHEREAS, the County has the authority to construct both water and sewer systems, and grant franchises to others to provide water and sewer service, under the provisions of §§ 7-175 through 7-182 of the Code of York County, as amended; and

WHEREAS, CWS intends to apply to the County for a non-exclusive franchise to provide both water distribution and sewage collection service to all customers within the area described in Exhibit A (hereinafter referred to as the "CWS Service Area") in accordance with the terms and conditions of this Agreement; and

WHEREAS, the County intends to provide wastewater transportation and treatment service within certain areas of York County, including the entire CWS Service Area; and

WHEREAS, the County intends to provide water supply and/or distribution services within certain areas of York County, including the entire CWS Service Area; and

WHEREAS, the County intends to lease from CWS the wastewater treatment facility owned by CWS and commonly known as the River Hills Wastewater Treatment Plant and the River Hills elevated storage tank; and



WHEREAS, CWS consents to the provision by the County of wastewater transportation and treatment services within the CWS Service Area as well as the provision of potable water within the CWS Service Area; and

WHEREAS, the County intends to transport all wastewater generated in the CWS Service Area to the City of York and to purchase treated potable water from the City of York subject to the terms, conditions and limitations contained in a separate contract between the County and the City of York; and

WHEREAS, CWS desires to accept bulk water service from the County within the CWS Service Area in accordance with the terms and conditions contained herein, and the County desires to provide the same when it is available.

NOW, THEREFORE, for and in consideration of the mutual covenants and undertakings contained herein, the parties agree as follows:

#### ARTICLE I

##### OBLIGATIONS OF THE COUNTY FOR SEWER

1. The County agrees to install, construct and/or contract for the following sewage facilities and services:

A. A sewage pump station to be constructed by the County at County's sole cost and expense upon land owned by CWS and leased to the County, designated as the River Hills Sewage Treatment Plant site (such site description attached hereto as Exhibit B).

B. Sewage force main lines in the CWS Service Area of

sufficient size and capacity to transport all sanitary sewage from the CWS Service Area to sewage treatment plants either owned by or contracted for by the County.

C. Sewage treatment capacity sufficient to provide sanitary sewage treatment services for sanitary sewage generated within the CWS Service Area.

2. The County agrees to maintain, operate, and repair all County-installed pump stations and sewage force mains at no cost or expense to CWS except as specified in Article I, paragraph 5 herein, exclusive of any damage caused by CWS. CWS shall give the County fifteen (15) days notice of any taps to the force main. CWS will notify the County immediately of any breaks in the line.

3. The County agrees to enter into a twenty-five (25) year lease with CWS for use of the land described in Exhibit C and the exclusive County use of the existing CWS sewage treatment plant located on such site as a flow equalization facility, and to operate, maintain and repair said facilities during the term of the Lease, excluding maintenance and repair of any damage caused by CWS.

4. The County agrees to grant a twenty-five (25) year lease to CWS for use of the sewage force main to be constructed by the County within the CWS Service Area.

5. The County agrees to provide the above-described sewage transportation and treatment to CWS for a fixed monthly rate per Single Family Equivalent ("SFE") estimated at Eighteen (\$18.00) Dollars. The actual rate shall be determined upon the receipt of

*(Signature)*

construction bids and the sale of revenue bonds. Said rate as so determined shall remain in effect for a minimum of one (1) year from the date service is initiated and may be adjusted thereafter from time to time. Additionally, CWS shall be entitled to a Most Favorable Wholesale Sewage Transportation and Treatment Rate such that no other wholesale customer on this system, including private and public entities, shall receive a lesser rate for comparable services; provided, however, that this provision shall not apply to any commercial or industrial customer that contributes substantial capital contributions to the construction of any segment of the sewer system.

6. The County agrees to allow new CWS customers to contribute sewage to the County's system upon purchase of a tap certificate from the County in an amount as determined by the County from time to time.

7. The County agrees to allow existing CWS customers physically connected to the system and owners of lots contiguous to existing CWS sewer mains on the date of this Agreement located in the River Hills, Forest Oaks and Hamilton Harbor Subdivisions to contribute sewage to the County's system without payment to the County of any tap certificate fee whatsoever, unless such customer has a change in service requiring a new tap. The River Hills, Forest Oaks and Hamilton Harbor subdivisions exempted from the payment of tap certificate fees under this paragraph are shown and described on Exhibit C attached hereto.

8. The County agrees to allow CWS to expand its sewage

collection facilities, either directly or through developer agreements, so as to serve customers not presently served by CWS but which are located in the CWS Service Area, in accordance with the preceding four (4) paragraphs of this Article, subject, however, to the terms and provisions of applicable County Ordinances, such franchise as may be granted to CWS by York County, applicable rules, regulations and orders of the Public Service Commission; applicable rules, regulations and order of the Department of Health and Environmental Control; and any other applicable Federal, State or local laws.

9. The County agrees to maintain and keep in force comprehensive insurance covering the County's construction activities and operation of the River Hills Wastewater Treatment Plant (the "RHWTP"), in an appropriate amount for the applicable risks involved, including builders' risk, public liability, casualty, fire, property damage, and workers compensation coverage.

## ARTICLE II

### OBLIGATIONS OF CWS FOR SEWER

1. CWS agrees to provide to the County a list of customers connected to the sewer system in the CWS Service Area as of the date the Agreement is executed, the size of each tap, and the customer classification, i.e., residential, commercial, industrial, etc. Supplemental customer lists shall be provided on a bi-monthly basis to include connection date, size and classification. In addition, CWS will, from time to time, keep the County informed as to the status of the existing system as well as potential new

connections to the system for planning and administrative purposes.

2. CWS agrees to retain ownership of the collection system in the CWS Service Area and agrees to pay the County such transportation and processing fees as set forth in this Agreement.

3. CWS agrees as part of this agreement that the County has the right to set sewer rates for wholesale service provided by the County to CWS.

4. CWS agrees to pay to the County, within ten (10) days after they are billed, the total fees owed to the County for the previous bi-monthly service. CWS agrees to make an initial one month payment in advance to the County at initial start up. Thereafter, CWS agrees to pay all fees, rates and charges for services bi-monthly. These fees shall be computed as set forth in this Agreement. If the fees are not paid within thirty (30) days following the end of the billing period, a late charge of one and one-half per cent (1.5%) shall be levied against the total amount due. If the fees are not remitted within sixty (60) days of the due date, then, upon ten (10) days after sending written notice by certified mail, return receipt requested, the County may withhold its services hereunder, until such payments are remitted. If legal action is required to collect any accruals, all costs of collection, including a reasonable attorney's fee, shall be added to the amount of the debt. If provisions of the York County Code relating to terms of service, payment of fees, rates and charges, late charges or disconnection or discontinuance of service are amended, this agreement shall be deemed amended to the extent

required to conform to the York County Code.

5. CWS agrees that the County shall have the right to require commercial and/or industrial customers to install pre-treatment facilities to improve the quality of the sewage to such acceptable standards as are set forth in the county pre-treatment ordinance and/or policy relating to this system.

6. CWS agrees to operate and maintain the wastewater collection system within the CWS Service Area in accordance with requirements of the South Carolina Department of Health and Environmental Control ("DHEC") and furnish to the County copies of all reports as are required to be submitted to DHEC thereunder.

7. CWS agrees to lease to the County the land and improvements known as the RHWTP for exclusive use by the County in providing wastewater transportation and treatment service from the CWS Service Area throughout the term of this Agreement. The County will construct, operate, and maintain (at the County's sole expense) pumping facilities at the RHWTP. The RHWTP shall be used by the County as a flow equalization basin for raw sewage. The County shall remain solely responsible for the operation and maintenance of the RHWTP throughout the term of this Agreement, commencing with the termination of the wastewater discharge by the RHWTP into Lake Wylie.

8. In consideration of CWS' lease of the RHWTP to the County, the County shall lease to CWS the use of the sewage force main to be constructed by the County within the CWS Service Area. CWS agrees to use due diligence in its use of the County's sewer

force mains. If CWS or CWS contractors damage said sewer force mains, CWS will promptly reimburse the County for all associated repair costs. In the event the County ceases to use the RHWTP, CWS shall, nevertheless, retain the right to use the said collection trunk line during the twenty-five (25) year term of this Agreement without the payment of any additional consideration other than is provided for herein.

9. The consideration for the leases described in paragraphs 7 and 8 above is the mutuality of the leases themselves such that neither the County nor CWS shall pay to the other any lease or rental payments or any other consideration whatsoever for the leases described in paragraphs 7 and 8 above, other than the mutual promises and undertakings contained herein.

10. CWS acknowledges that CWS must obtain from York County a franchise to provide sewer service throughout the CWS Service Area. This Agreement is, accordingly, conditioned upon the granting of said franchise to CWS substantially in the form shown as Exhibit D attached hereto.

11. CWS hereby agrees to act as agent for the County in connection with the sale of the County tap certificates and shall remit the fees from the sale thereof to the County on a bi-monthly basis. CWS agrees that it will not connect any customer within the CWS Service Area without first determining that such customer has purchased a sewer tap certificate in accordance with the terms of this Agreement.

## ARTICLE III

### OBLIGATIONS OF THE COUNTY FOR WATER

1. The County agrees to install, construct and/or contract for the following potable water facilities and services:
  - A. A high service water pump station to be constructed by the County at County's sole cost and expense to transport potable water to the CWS Service Area.
  - B. Potable water transmission lines in the CWS Service Area of sufficient size and capacity to transport all water to the CWS Service Area from the water supply/source either owned by or contracted for by the County.
  - C. Potable water treatment capacity sufficient to provide for water demands generated within the CWS Service Area.
2. The County agrees to maintain, operate, and repair all County-installed high service pump stations and transmission mains owned by the County at no cost or expense to CWS except as specified in Article III, paragraph 5 herein, exclusive of any damage caused by CWS. CWS shall give the County fifteen (15) days notice of any taps to the water main. CWS will notify the County immediately of any breaks in the line.
3. The County agrees to enter into a lease with CWS for use of the elevated storage tank which is described in Exhibit E, and to operate, maintain and repair said facilities during the term of the lease, excluding maintenance and repair of any damage caused

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by CWS.

4. The County agrees to grant a lease to CWS for use of the water transmission main to be constructed by the County within the CWS Service Area.

5. The County agrees to provide the above-described water supply to CWS on a cost per 1,000 gallon not greater than the most favorable wholesale water supply rate available to any other wholesale customer on this system, including private and public entities; provided, however, that this provisions shall not apply to any commercial or industrial customer that contributes to the construction of any segment of the water system. Said initial rate as so determined shall remain in effect for a minimum of one (1) year from the date service is initiated and may be adjusted thereafter from time to time.

6. The County agrees to allow new CWS customers to purchase water from the County's system upon purchase of a tap certificate from the County in an amount as determined by the County from time to time.

7. The County agrees to allow existing CWS customers and owners of lots contiguous to CWS existing distribution mains on the date of this Agreement located in the River Hills, Forest Oaks and Hamilton Harbor subdivisions to purchase water from the County's system without payment to the County of any tap certificate fee whatsoever, unless such customer has a change in service requiring a new tap. The River Hills, Forest Oaks and Hailton Harbor subdivisions exempted from the payment of tap certificate fees

under this paragraph are shown and described on Exhibit C attached hereto.

8. The County agrees to allow CWS to expand its water distribution facilities, either directly or through developer agreements, so as to serve customers not presently served by CWS but which are located in the CWS Service Area, in accordance with the preceding four (4) paragraphs of this Article, subject, however, to the terms and provisions of applicable York County Ordinances, such franchise as may be granted to CWS by York County; applicable rules, regulations and orders of the Public Service Commission; applicable rules, regulations and orders of the Department of Health and Environmental Control; and any other applicable Federal, State or local laws.

9. The County agrees to maintain and keep in force comprehensive insurance in an appropriate amount for the applicable risks involved, covering the County's construction activities and operation of the county's water system, including builders' risk, public liability, casualty, fire and property damage and workers compensation coverage.

#### ARTICLE IV

##### OBLIGATIONS OF CWS FOR WATER

The parties agree that CWS will take bulk water service from the County, when the same is available, on the following terms:

1. CWS agrees to accept bulk water service for all areas within the service area granted to CWS by York County under its franchise ordinance and within the service area authorized

by the South Carolina Public Service Commission as of the date that service is initiated. It is agreed that CWS will purchase all of its water supply from the County commencing the day that the water line to the CWS elevated storage facility within the service area becomes operational.

2. CWS agrees to provide to the County a list of customers connected to the water system in the CWS Service Area as of the date the Agreement is executed, the size of each tap, and the customer classification, i.e., residential, commercial, industrial, etc. Supplemental customer lists shall be provided on a bi-monthly basis to include connection date, size and classification. In addition, CWS will, from time to time, keep the County informed as to the status of the existing system as well as potential new connections to the system for planning and administrative purposes.

3. CWS shall retain ownership of the internal distribution system in the CWS Service Area and agrees to pay the County such transportation and processing fees as set forth in this Agreement.

4. CWS agrees as a part of this agreement that the County has the right to set water rates for wholesale service provided by the County to CWS.

5. CWS agrees to pay to the County, within ten (10) days after it is billed, the total fees owed to the County for the previous bi-monthly service. CWS agrees to make an initial one month's payment in advance to the County at the initial

start up. Thereafter, CWS agrees to pay all fees, rates and charges for service bi-monthly. These fees shall be computed as set forth in this Agreement. If the fees are not paid within thirty (30) days following the end of the billing period, a late charge of one and one-half per cent (1.5%) shall be levied against the total amount due. If the fees are not remitted within sixty (60) days of the due date, then, upon ten (10) days after sending written notice by certified mail, return receipt requested, the County may withhold its services hereunder, until such payments are remitted. If legal action is required to collect any accruals, all costs of collection, including a reasonable attorney's fee, shall be added to the amount of the debt. If provisions of the York County Code relating to terms of service, payment of fees, rates and charges, late charges or disconnection or discontinuance of service are amended, this agreement shall be deemed amended to the extent required to conform to the York County Code.

6. CWS agrees to operate and maintain the water distribution system within the CWS Service Area in accordance with requirements of the South Carolina Department of Health and Environmental Control ("DHEC") and furnish to the County copies of all reports as are required to be submitted to DHEC thereunder.

7. CWS agrees to lease to the County the land and improvements known as the River Hills elevated storage tank

for exclusive use by the County in providing water service to the CWS Service Area throughout the term of this Agreement. The County shall remain solely responsible for the operation and maintenance of the River Hills elevated storage tank throughout the term of this Agreement.

8. In consideration of CWS' lease of the River Hills elevated storage tank to the County, the County shall lease to CWS the water transmission main to be constructed by the County within the CWS Service Area.

9. The consideration for the leases described in paragraphs 7 and 8 above is the mutuality of the leases themselves such that neither the County nor CWS shall pay to the other any lease or rental payments or any other consideration whatsoever for the leases described in paragraphs 7 and 8 above, other than the mutual promises and undertakings contained herein.

10. CWS acknowledges that CWS must obtain from York County a franchise to provide water service within the CWS Service Area. This Agreement is, accordingly, conditioned upon the granting of said franchise to CWS substantially in the form shown as Exhibit D attached hereto.

11. CWS hereby agrees to act as agent for the County in connection with the sale of the County tap certificates and shall remit the fees from the sale thereof to the County on a bi-monthly basis. CWS agrees that it will not connect any customer within the CWS Service Area without first determining that such customer has purchased a water tap certificate in accordance with the terms of

this Agreement.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

1. The County represents and warrants that it is authorized to provide both water and sewage treatment services in the CWS Service Area as shown on Exhibit A.

2. The County represents and warrants that, pursuant to the within Agreement, customers of CWS will not be subjected to discriminatory practices by the County with respect to either rates or services.

3. The County represents and warrants that CWS will be provided the services by the County contemplated hereunder on a continual and uninterrupted basis, as long as CWS pays the County for such services in accordance with the rates and charges established hereunder, and so long as CWS performs its other obligations established hereunder.

4. Both parties understand and agree that the performance contemplated herein is dependent and conditioned upon the County's ability to complete financing arrangements on a timely basis. In the event such arrangements are not completed within thirty-six (36) months of the date of this Agreement and the County does not pursue this project, the provisions of this Agreement will be null and void. In such event, however, CWS shall have the right to retain any franchise issued by York County for the provision of both water and sewer service within the CWS Service Area, provided

it is able to obtain an adequate alternative source of water and/or bulk sewage treatment on a timely basis.

5. CWS represents and warrants that, within thirty (30) days of the execution of this Agreement by both parties, it will apply to the SCPSC for a Certificate of Convenience and Necessity, which will grant CWS authority to provide water and sanitary sewer service to the CWS Service Area pursuant to the rules and regulations of the SCPSC. Accordingly, the rights and obligations of the parties hereto are predicated upon issuance by the Commission of said Certificates.

6. The County represents and warrants that it will cooperate fully with CWS with regard to the application described in paragraph 5 above.

7. The County represents and warrants that there are no prior outstanding agreements or commitments which would interfere with or affect the County's ability to provide the sewage and water service contemplated herein.

#### ARTICLE VI

##### COUNTY ORDINANCES AND LAWS

1. CWS and the County acknowledge and agree that this agreement is subject to all County ordinances and laws and that, therefore, the provisions of all County ordinances and laws shall be incorporated herein and made a part hereof.

#### ARTICLE VII

##### MISCELLANEOUS

1. It is further agreed and recognized by the parties hereto that the rights and obligations of CWS and the County relative to treatment and transportation of wastewater generated by CWS

customers, and to the transmission and use of potable water by CWS customers, are to be governed by this Agreement.

2. If any party hereto breaches a material obligation as established by this Agreement, such breach will constitute a default. The non-defaulting party shall give written notice of such default, and the defaulting party shall have ten (10) days, in event of nonpayment as provided in Article II, paragraph 2, sixty (60) days written notice by certified mail, return receipt requested, for other events of default, within which to cure such default, if such default is not cured within such notice period, the non-defaulting party may hold in abeyance continued performance of its obligations under this Agreement until such time as the default is cured. This remedy is in addition to, and not in lieu of, any other remedies at law or in equity. In the event that either party hereto suffers actual or consequential damages as a result of a breach hereto, any judgement obtained shall include costs of the action and reasonable attorney fees.

3. Except as provided in this Agreement, neither party to this Agreement shall be liable to the other for failure, default or delay in performing any of its obligations hereunder. If such failures, default or delay is caused by strikes or other labor problems, by forces of nature, unavoidable accident, fire, acts of the public enemy, interference by civil authorities, acts or failure to act, decisions or orders or regulations of any governmental or military body or agency, office or commission, delays in receipt of materials, or any other cause, whether of



similar or dissimilar nature, not within the control of the party affected and which, by the exercise of due diligence such party is unable to prevent or overcome, except as otherwise provided for herein. Should any of the foregoing events occur, the parties hereto agree to proceed with diligence to do what is reasonable and necessary so that each party may perform its obligations under this Agreement.

4. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of South Carolina.

5. The covenants, terms, conditions, representations, warranties, provisions, and undertakings in this Agreement shall extend to and be binding upon the successors and assigns of the respective parties.

6. This document contains the entire agreement between the parties with regard to the subject matter hereof and cannot be changed or modified except in writing duly executed by both parties.

7. The parties hereto understand and agree that CWS shall be entitled, with respect to lines owned and leased by CWS, to charge and retain such water and sewer user fees and connection fees as are authorized by the SCPSC from time to time.

8. All notices or communications required or permitted under this agreement shall be deemed sufficiently given or served if served personally or by certified or registered mail, postage prepaid, addressed as follows:

TO THE COUNTY:

J. E. Klugh, County Manager  
P. O. Box 66  
York, SC 29745

TO CWS:

Perry B. Owens, Chairman  
Carolina Water Service, Inc.  
2335 Sanders Road  
Northbrook, IL 60062

or at such other place or places or to such other person or persons  
as shall be designated in writing by the respective parties.

IN WITNESS WHEREOF, the parties have set their hands and seals  
the day and year above first written.

WITNESS

*J. E. Klugh*  
*[Signature]*

YORK COUNTY, SOUTH CAROLINA

BY: *Caldwell A. Barron*  
Caldwell A. Barron, Chairman  
York County Council

Attest: *J. E. Klugh*  
J. E. Klugh  
County Manager

WITNESS

*[Signature]*  
*J. Carver*

CAROLINA WATER SERVICE, INC.

BY: *Perry B. Owens*  
Perry B. Owens, Chairman

Attest: *David H. Demaree*  
David H. Demaree  
V-Pres.

*(P20)*

STATE OF SOUTH CAROLINA   )  
  )  
COUNTY OF YORK                )

**LEASE OF REAL PROPERTY AND ELEVATED  
STORAGE TANK AND FACILITIES**

This Lease Agreement made and entered into this 18th day  
of November, 1996, by and between Carolina Water Service,  
Inc., a Delaware corporation, hereinafter referred to as Lessor,  
and York County, South Carolina, a body politic and political  
subdivision of the State of South Carolina, hereinafter referred to  
as Lessee,

**WITNESSETH:**

WHEREAS, Lessee, as a political subdivision of the State of  
South Carolina, has the authority to construct both water and sewer  
systems and to grant franchises to others under the general law,  
statutory enactments of the South Carolina General Assembly, and  
provisions of the Code of York County, as amended; and

WHEREAS, Lessor is a "public utility," as defined by the laws  
of the State of South Carolina, and is subject to the jurisdiction  
of the South Carolina Public Service Commission, which has  
established a service area for the Lessor's water services which  
includes portions of York County; and

WHEREAS, Lessor was granted a non-exclusive franchise for the  
operation of water and sewer systems within a defined geographical  
area of York County (the "CWS Franchise Area") by ordinance adopted  
by the York County Council on February 17, 1992; and

WHEREAS, Lessee intends to supply water and/or provide water distribution services and provide wastewater transportation and treatment services within certain areas of York County which include the CWS Franchise Area; and,

WHEREAS, by Agreement, dated January 28, 1992, Lessee agreed to lease from Lessor certain property and facilities known as the River Hills elevated water storage tank; and

WHEREAS, Lessor has agreed to accept bulk water service from Lessee within the Lessor's approved Franchise Area in York County pursuant to an Agreement entered into by the Lessee and Lessor, dated as of January 28, 1992.

NOW, THEREFORE, this Lease Agreement is entered into pursuant to the terms and provisions of that certain agreement entered into by and between York County and Carolina Water Service, Inc., dated January 28, 1992.

1. Lease of property and elevated storage tank.

For and in consideration of the promises, covenants and conditions herein contained, and in further consideration of the execution of an agreement by Lessee pursuant to which Lessor shall have the right to the use of a water transmission main completed by York County within the CWS Franchise Area; Lessor has agreed to accept bulk water service from Lessee within its County-approved Franchise Area; and for other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, Lessor has and does hereby lease and demise unto Lessee, its successors and assigns, and Lessee has and does hereby agree to lease from Lessor, for the term and upon the conditions herein set

forth those certain premises located in York County, South Carolina, together with the elevated water storage tank, equipment and appurtenances located thereon more particularly shown and described in paragraph 3 of this Lease Agreement.

2. Effective date and term.

Lessee, its successors and assigns, shall have and hold the above-described property, elevated storage tank, equipment and appurtenances upon the terms and conditions herein stated for a term commencing on the date of this agreement and extending through February 17, 2017, when it shall expire.

3. Description of property and elevated tank, etc.

The property which is leased and demised under this Lease Agreement is described as follows:

All that certain parcel of land lying and being situate in River Hills Plantation, Bethel Township, York County, South Carolina, the boundaries of which are described by courses and distances on a plat of survey prepared by Frank B. Hicks Associates, Inc., S.C.R.L.S., dated July 20, 1973, entitled "A Plat of Property of Commodore Utility Corporation Elevated Water Tank Site," as follows: BEGINNING at an iron located N 63°11'15" E 114.90 feet from an iron in the northeastern corner of Lot 27, Honeysuckle Woods, Section VIII, River Hills Plantation, and running thence from such beginning point along a course of N 12°21'24" E 60.00 feet to an iron; thence S 77°38'35" E 60.00 feet to an iron; thence S 12°21'24" W 60.00 feet to an iron; thence N. 77°38'35" W 60.00 feet to an iron, the POINT OF BEGINNING.

The plat on which the foregoing property is shown is recorded in PLAT BOOK 44, PAGE 26, Office of the Clerk of Court for York County, South Carolina, and by reference is made part of this description.

The above-described property is a portion of those tracts of land conveyed to River Hills Plantation Company, Inc. by The Wylie Corporation by deed dated June 1, 1970, recorded June 2, 1970, in Deed book 403, Page 79, Office of the Clerk of Court for York County, South Carolina.

TOGETHER with an easement appurtenant to the above-described tract of land for ingress and egress to and from such property over all roads, streets, and access lanes now or hereafter existing in River Hills Plantation, leading to and from such property, and leading to and from South Carolina Highway #49.

The above-described property is conveyed hereby subject to the covenant and restriction that it shall be used only for its presently committed purpose, as the site of the elevated water tank and as well site and water source for the River Hills Plantation/Commodore Utility Corporation certificated service area, and shall not be used or converted to any other commercial, industrial, or residential purpose, without the prior written consent of River Hills Plantation Company, Inc. or of its parent corporation, Sea Pines Company. This restriction and condition is imposed as and intended to be a perpetual covenant running with the above-described land.

Together with the elevated water storage tank, pipes, meters, gauges, pumps, appurtenances and equipment now or hereafter located thereon or used for the storage and distribution of a potable water supply.

4. Consideration for Lease.

In consideration for the lease of the above-described property, the Lessee agrees to operate, maintain and repair the property, tank and appurtenances herein described; and the Lessee grants to Lessor the use of a water transmission main constructed by Lessee within Lessor's Franchise Area under a separate Agreement, dated of even date herewith; and both Lessor and Lessee

agree to comply with their obligations under that certain agreement between the parties, dated January 28, 1992.

5. Use of equipment and premises.

Lessee shall use and occupy the leased premises for the treatment, storage, and distribution of a potable supply of water to and within the CWS Franchise Area and areas adjacent thereto through the term of this Lease Agreement. Lessee shall have the right, during the term of this Lease Agreement, to enclose the leased premises by a fence or other enclosure and to make improvements, additions and repairs to the leased premises, elevated water storage tank, pumps, pipes, meters, equipment and appurtenances as may be necessary or appropriate for Lessee's use of the leased premises.

6. Maintenance of premises.

Lessee shall, at its expense, operate, maintain and repair the property, elevated storage tank, equipment, appurtenances, improvements or additions thereto in good condition and repair during the term of this Lease Agreement, excluding maintenance and repair of any damage caused solely by Lessor.

7. Utilities charges.

Lessee shall promptly pay and discharge all rates, charges or fees which may become due and payable for utility service used at the leased premises during the term of this Lease Agreement.

8. Insurance.

Lessee covenants and agrees to obtain and maintain, at Lessee's expense, hazard insurance on the leased premises at all times during the term of this Lease Agreement in an amount which shall not be less than the value of the improvements, including the elevated water storage tank, equipment and appurtenances thereon. Lessee shall further obtain and maintain, at Lessee's expense, at all times during the term of this Lease Agreement one or more policies of public liability insurance written by one or more responsible insurance carriers which shall insure Lessee and Lessor against liability for injury to or death of persons or loss or damage to property occurring on or about the leased premises. The liability coverage under any such insurance policy shall not be less than \$1,000,000 for any person killed or injured and \$500,000 for property damage. Lessee will furnish to Lessor proof of such hazard insurance and public liability insurance. Lessee further agrees to obtain and maintain in force, at Lessee's expense, builder's risks, property damage and workers' compensation coverage covering Lessee's construction activities and operation of the elevated storage tank, pumps, pipes, meters, equipment and appurtenances. Lessee will furnish to Lessor proof of all such coverages prior to the commencement of construction activity and operation on the leased property.

9. Indemnity.

Lessee agrees to indemnify Lessor against any cost, liability, expense, claim, action or damages, including attorney's fees, for



injury to person or property occurring at or on the leased premises and facilities or arising out of any claims of any person or persons whomsoever by reason of Lessee's use or misuse of the leased premises, tank, equipment and appurtenances, excluding any cost, liability, expense, claim, action or damages or fees resulting solely from an act or omission of Lessor.

10. Destruction of or damage to leased premises and facilities.

During the term of this Lease Agreement, if the leased premises or facilities shall be damaged by the elements, unavoidable accident, fire or other casualty, but are not rendered substantially unusable, the Lessee shall cause such damage to be repaired. In the event that the leased premises and facilities are so damaged as to be unfit for use by Lessee for the intended purpose, Lessee may, at its option, give written notice to Lessor that it has elected to terminate this Lease Agreement, in which event this lease and the tenancy hereby created shall cease as of the date of such occurrence. In the event of such termination of this Lease Agreement, the rights and obligations under the separate agreement between Lessee and Lessor, dated of even date herewith, providing that Lessor will have the right of the use of Lessee's water transmission line, will remain unaffected.

11. Non-waiver of breach.

No waiver of any breach or breaches or any provisions of this Lease Agreement shall be construed to be a waiver of any preceding

or succeeding breach of such provision or of any other provision hereof.

12. Time of essence.

Time is of the essence to each and every provision of this Lease Agreement.

13. Amendments to be in writing.

This Lease Agreement may be modified or amended only by an instrument in writing duly authorized and executed by both Lessor and Lessee. This Lease Agreement may not be amended or modified by oral agreements or understandings between the parties unless such oral agreements or understandings shall be reduced to writing duly authorized and executed by both Lessor and Lessee.

14. Parties bound.

Each and every provision of this Lease Agreement shall bind and shall inure to the benefit of the parties hereto, their respective successors and assigns.

15. Governing law.

This Lease Agreement shall be deemed to be an agreement made under, and for all purposes shall be construed in accordance with, the laws of the State of South Carolina.

16. Notices.

All notices or communications required or permitted under this Lease Agreement or which either party may desire to assert upon the other shall be deemed sufficiently given or served if served personally or by certified or registered mail, postage prepaid, addressed as follows:

STATE OF ILLINOIS

COUNTY OF COOK

PROBATE

PERSONALLY appeared before me David H. Demaree, who made oath that he saw the within named Carolina Water Service, Inc., by James Camaren, its Chairman, sign the within Lease of Real Property and Elevated Storage Tank and Facilities, and Andrew Dopuch, its Vice President, attest the same, and the said corporation, by said officers, seal said Lease Agreement, as its act and deed, deliver the same, and that he with David C. Carter witnessed the execution thereof.

SWORN to before me this 14TH  
day of NOVEMBER, 1996.

Phil Ann Scully (SEAL)  
Notary Public for Illinois  
My Commission Expires: 09-18-97

David H. Demaree  
Secretary

"OFFICIAL SEAL"  
Phil Ann Scully  
Notary Public, State of Illinois  
My Commission Expires 9/18/97

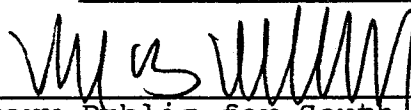
STATE OF SOUTH CAROLINA  
COUNTY OF YORK

)  
)  
)  
PROBATE

PERSONALLY appeared before me Rebecca C. Sellers, who made oath that he saw the within named York County, South Carolina, by Carl L. Gullick, its Chairman, sign the within Lease of Real Property and Elevated Storage Tank and Facilities, and J. Clay Killian, its County Manager, attest the same, and the said corporation, by said officers, seal said Lease Agreement, and, as its act and deed, deliver the same, and that he with Melvin B. McKeown witnessed the execution thereof.



SWORN to before me this 18th  
day of November, 1996.

 (SEAL)  
Notary Public for South Carolina  
My Commission Expires: August 30, 2000

STATE OF SOUTH CAROLINA       )  
  )  
COUNTY OF YORK                    )

**AGREEMENT FOR USE OF SEWAGE FORCE MAIN**

THIS AGREEMENT made and entered into this 18th day of November, 1996, by and between York County, South Carolina, a body politic and political subdivision of the State of South Carolina, hereinafter referred to as "the County" and Carolina Water Service, Inc., a corporation, hereinafter referred to as "CWS,"

**WITNESSETH:**

1.(a) The County is authorized to construct and operate water and sewer systems and to grant franchises to provide water and sewer service under the general law, enactments of the South Carolina General Assembly, and provisions of the Code of York County, South Carolina, as amended.

(b) CWS is a "public utility," as defined by the laws of the State of South Carolina, and is subject to the jurisdiction of the South Carolina Public Service Commission, which has established a service area including portions of York County for the wastewater service which CWS provides.

(c) By Ordinance adopted February 17, 1992, by the York County Council, the County granted to CWS a non-exclusive franchise for the provision of water and sewer services to customers located within a defined geographical area of York County (the "CWS

Franchise Area"), which area is more particularly shown and described on Exhibit A attached to the Ordinance.

(d) The County intends to supply water and water distribution services and wastewater collection, transportation and treatment services within certain areas of York County.

(e) The County and CWS entered into an Agreement, dated January 28, 1992, pursuant to which the County agreed to provide wastewater transportation and treatment services within certain areas of York County, including the CWS Franchise Area.

(f) Under the terms and provisions of the Agreement between the County and CWS, dated January 28, 1992, CWS agreed to lease to the County a wastewater treatment facility owned by CWS, commonly known as the River Hills Wastewater Treatment Plant. CWS further agreed for the County to provide wastewater transportation and treatment services within the CWS Franchise Area in order to receive, transport and treat sewage collected by the CWS sewage collection system, all subject to the terms and provisions of the Agreement between the parties, dated January 28, 1992. The County further agreed to grant to CWS the use of a sewage force main to be constructed by the County within the CWS Franchise Area subject to the terms and conditions of the Agreement between the parties, dated January 28, 1992.

(g) The County has constructed and installed a sewage force main (the "Lake Wylie Western Shore Force Main") at the County's sole cost and expense, which the County is obligated to maintain, operate and repair in order to transport sewage collected within

the CWS Franchise Area to sewage treatment plants for the use of which the County has contracted.

(h) By Lease Agreement dated of even date herewith, CWS has leased the River Hills Wastewater Treatment Plant and property on which it is located to the County.

2.(a) In consideration of the lease by CWS to the County of the River Hills Wastewater Treatment Plant and the River Hills elevated water tank, and in further consideration of the obligations, promises, covenants and conditions of CWS under the Agreement between the parties, dated January 28, 1992, a copy of which is attached hereto, marked Exhibit "A," and incorporated into and made a part of this Agreement by reference, the County hereby grants to CWS the right to the non-exclusive use of that portion of the Lake Wylie Western Shore Force Main which is located within the CWS Franchise Area. The portion of the Lake Wylie Western Shore Force Main referred to in this Agreement shall remain the property of the County, and the rights granted to CWS under the terms and provisions of this Agreement shall constitute a license for the use of Lake Wylie Western Shore Force Main as herein described. No use by CWS of the force main shall create or vest in CWS any property right or easement in the County's sewage system, mains, pump stations, treatment plants, facilities, equipment or appurtenances. As-built drawings of the County's Lake Wylie Western Shore Force Main, pump stations, facilities, equipment and appurtenances are attached hereto, marked Exhibit "B" and incorporated into and made a part of this Agreement by reference.

(b) At all times during the term of this Agreement, the County shall maintain sewage force mains and pumps in the CWS Franchise Area of sufficient size and capacity to transport sewage collected by the CWS sewage collection lines within its existing Franchise Area to sewage treatment plants for the use of which the County has contracted.

3. The County agrees to maintain, operate and repair all County-owned and County-installed pump stations and sewage force mains at no cost or expense to CWS, except as specified in Article 1, Paragraph 5, of that certain Agreement between the County and CWS, dated January 28, 1992, exclusive of any damage caused solely by CWS. CWS agrees to give the County fifteen (15) days' notice of any taps to the County's sewage force main and to make such taps in accordance with County standards and regulations. CWS agrees to notify the County of any breaks in the County's sewage force mains immediately upon discovery by CWS.

4. The County agrees to allow new CWS customers within the CWS Franchise Area to contribute sewage to the County's system upon purchase of a tap certificate from the County at a tap fee determined by the County from time to time in accordance with the County's ordinances and policies applicable to such taps.

5. The County agrees to allow existing CWS customers physically connected to CWS sewage collection mains as such customers and owners exist on January 28, 1992, located in the River Hills, Forest Oaks and Hamilton Harbor Subdivisions to contribute sewage to the County system without payment to the



County of any tap certificate fee unless such customers have a change in service requiring a new tap.

6. CWS may expand its sewage collection facilities, either directly or through developer agreements, so as to serve customers not presently served by CWS but which are located in the existing CWS Franchise Area in accordance with the provisions of paragraphs 5, 6, 7 and 8 of Article 1 of the Agreement between the parties, dated January 28, 1992, attached hereto as Exhibit "A."

7.(a) CWS acknowledges that the County has the right to set rates for wholesale transportation, treatment, processing fees and sewage taps provided by the County to CWS. CWS agrees to be responsible for collecting sewage charges and fees from its customers, including the County's applicable tap fees.

(b) CWS agrees to pay to the County such wholesale sewage treatment and transportation rates as may be established from time to time by the County, subject to the terms and conditions of this Agreement and the Agreement between the parties, dated January 28, 1992, attached hereto as Exhibit "A."

(c) Upon the effective date of this Agreement, the County agrees to provide the above-described sewage transportation and treatment services to CWS for a fixed monthly rate of three dollars and forty-seven cents (\$3.47) per one thousand (1000) gallons for the first ten million six hundred seventy-five thousand (10,675,000) gallons per month and one dollar and eighty-five cents (\$1.85) per thousand (1000) gallons for all gallons transported and treated each month in excess of ten million six hundred seventy-

five thousand (10,675,000). This initial rate shall remain in effect for a minimum of one (1) year from the date service is initiated. After the expiration of the initial one-year period, the County may adjust rates for sewage treatment and transportation services in accordance with the terms and provisions of the County's rate schedule.

(d) At all times during the term of this Agreement, CWS shall be entitled to a most favorable wholesale rate for sewage treatment and transportation services so that no other wholesale customer on the County's sewage system, including public and private entities, shall receive a lower rate for comparable services; provided, however, that this provision shall not apply to any commercial or industrial customers which make substantial capital contributions to the construction of any segment of the County's sewage system.

8. CWS agrees to retain ownership of and maintain its sewage collection and delivery system in the CWS Franchise Area to service its customers, and CWS agrees to accept sewage treatment and transportation services from York County where such services are available, for all areas within the existing Franchise Area.

9. CWS agrees to provide the County a list of customers connected to the CWS sewage collection system in the CWS Franchise Area as of the effective date of this Agreement, which list shall show the size of each tap and the customer classification, i.e., residential, commercial or industrial, etc. CWS agrees to provide supplemental customer lists to the County on a bi-monthly basis to include the connection date, size and classification. In addition, CWS and the County will, from time to time, keep each of them

informed as to the status of their existing systems as well as potential new connections to the systems for planning and administrative purposes.

10. Upon request, the County agrees to provide CWS copies of all existing contracts with third parties for the use of wastewater treatment facilities which the County will use in providing for treatment of wastewater from the CWS Franchise Area. Upon request the County will provide CWS with copies of any subsequent agreements for the County's use of wastewater treatment facilities of third parties for treatment of wastewater from the CWS Franchise Area.

11. CWS agrees to pay to the County, within ten (10) days after they are billed, the total fees owed to the County for the previous bi-monthly sewage transportation, processing and treatment services. CWS agrees to make an initial one-month payment in advance to the County at initial startup. Thereafter, CWS agrees to pay all fees, rates and charges for services bi-monthly. Such fees, rates and charges shall be computed as set forth in this Agreement and in the Agreement between the parties, dated January 28, 1992, as the same may be adjusted and amended in the County's schedule of rates, fees and charges. If payment of duly computed fees and charges is not made within sixty (60) days of the due date, then the County may, upon ten (10) days after sending written notice by certified mail, return receipt requested to CWS, withhold its services to CWS until such payment is remitted. If legal action is required to collect rates, fees and charges due the

County, all costs of collection, including a reasonable attorney's fee, shall be added to the amount of the debt.

12. CWS agrees that the County shall have the right to require commercial and/or industrial customers to install pretreatment facilities to improve the quality of the sewage to such acceptable standards as are set forth in the County's pretreatment ordinance and/or policies relating to this system.

13. CWS agrees to operate and maintain its sewage collection system within the CWS Franchise Area in accordance with the requirements of the South Carolina Department of Health and Environmental Control ("DHEC"), and CWS agrees to furnish to the County copies of all reports CWS may be required to submit to DHEC from time to time.

14. By Lease Agreement executed contemporaneously with this Agreement, CWS has leased its River Hills sewage treatment plant, pumps, facilities, equipment and appurtenances, herein collectively designated as the River Hills Wastewater Treatment Plant, for exclusive use by the County in providing wastewater transportation and treatment services to the CWS Franchise Area and adjoining areas throughout the term of this Agreement. The County will construct, operate and maintain, at the County's sole cost and expense, pumping facilities, pumps, equalization facilities, pipes, meters, gauges, equipment and other appropriate facilities and appurtenances at the River Hills Wastewater Treatment Plant. The River Hills Wastewater Treatment Plant shall be converted to and used by the County as a flow equalization basin for raw sewage.

The County shall remain solely responsible for the operation and maintenance of the River Hills Wastewater Treatment Plant throughout the term of this Agreement, commencing with the connection of the River Hills Wastewater Treatment Plant to the County's Lake Wylie Western Shore Force Main and the termination of the wastewater discharge by the River Hills Wastewater Treatment Plant into Lake Wylie.

15. CWS agrees to use due diligence in its use of the County's sewage force mains. If CWS or contractors employed by CWS damage the County's sewage force main, CWS will promptly reimburse the County for all associated repair costs. In the event the County ceases to use the River Hills Wastewater Treatment Plant, CWS shall, nevertheless, retain the right to use the County's Lake Wylie Western Shore Force Main during the term of this Agreement without payment of any additional consideration except applicable rates, fees and charges as provided in this Agreement and the Agreement between the parties, dated January 28, 1992.

16. CWS hereby agrees to act as agent for the County in connection with the sale of County tap certificates, and CWS agrees to remit the fees from the sale of such taps to the County on a bi-monthly basis. CWS agrees that it will not connect any customer to the County Collection system within the CWS Franchise Area without first determining that such customer has purchased a sewer tap certificate in accordance with the terms and provisions of this Agreement, the Agreement between the parties, dated January 28, 1992, and all applicable County ordinances, laws and regulations.

17. The County and CWS acknowledge and agree that this Agreement is subject to all statutory and regulatory requirements of the State of South Carolina, County ordinances, laws and regulations. All such statutory and regulatory requirements, County ordinances and laws shall be incorporated into and made a part of this Agreement by reference.

18. If any party to this Agreement is prevented from complying with any term, covenant or condition of this Agreement by an event of force majeure, then while so prevented, the term, covenant or condition shall be suspended, and the party shall be relieved of the obligation of complying with such term, covenant or condition, and shall not be liable for damages or for failure to comply with them, and any obligation of any party shall be extended for so long as such party is so prevented from complying with any term, covenant or condition contained in this Agreement. An event of force majeure is (a) an act of God, floods, storms, explosions, fires, labor disputes, strikes, insurrections, riots, acts of the public enemy, or federal or state laws, orders, rules or regulations; or (b) an event which reasonably prevents a party's performances under this Agreement if such event could not have been avoided by such party through the exercise of reasonable care and judgment. Should any of the foregoing events occur, the parties agree to proceed with diligence to do what is reasonable and necessary so that each party may perform its obligations under this Agreement.

19. Waiver of any breach of the terms, covenants or conditions of this Agreement or the Agreement between the parties, dated January 28, 1992, attached hereto as Exhibit "A," or the non-performance of such Agreements for any particular time shall not be construed as a waiver of any succeeding breach of the same or any other term, covenant or condition of such Agreements, and the consent, approval and acquiescence of either party to any such breach shall not waive or render unnecessary such consent or approval to or of any subsequent similar breach. No mention in this Agreement of any specific right or remedy shall preclude either party from exercising any other right or remedy or from maintaining an action to which it may otherwise be entitled, either at law or in equity, and the failure of any party to insist in any one or more instances upon strict performance of any term, covenant or condition of this Agreement or to exercise any right or option herein contained shall not be construed as a waiver or relinquishment for the future of any such term, covenant, condition, right or option, but the same shall remain in full force and effect unless the contrary is expressed in writing by the party concerned.

20. Except as provided in paragraph 11, this Agreement may be modified or amended only by a writing duly authorized and executed by the parties. This Agreement may not be amended or modified by oral agreements or understandings between the parties unless the same shall be reduced to writing duly authorized and executed by both parties.

21. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto, their respective successors and assigns.

22. This Agreement shall be deemed made in and in all respects shall be interpreted, construed and governed by and in accordance with the laws of the State of South Carolina.

23. Time is of the essence in each and every provision of this Agreement.

24. This Agreement sets forth all of the covenants, promises, agreements, conditions and understandings between the parties with respect to the subject matter hereof, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between the parties with respect to such matters other than those set forth herein. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the parties unless reduced to writing and signed by the parties.

25. If any term, covenant or condition of this Agreement or any application thereof to any person or circumstance shall to any extent be declared invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term, covenant and condition of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

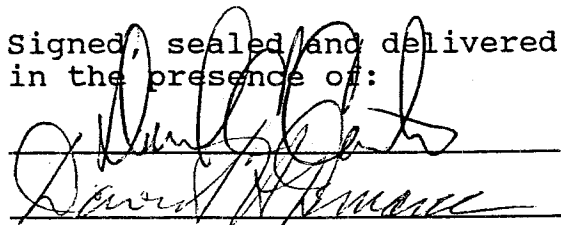


26. This Agreement shall extend for a term commencing on the date of this agreement and extending through February 17, 2017, when it shall expire.



27. This Agreement is executed in multiple counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals to this Agreement in duplicate originals the day and year first above written.

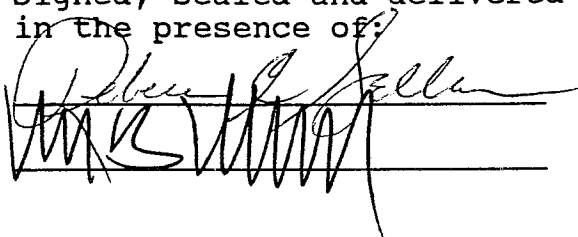
Signed, sealed and delivered  
in the presence of:

Two handwritten signatures are written over two horizontal lines.

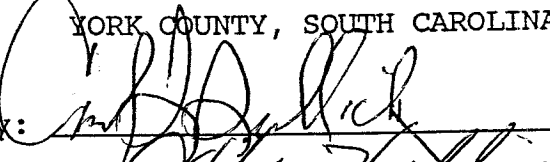
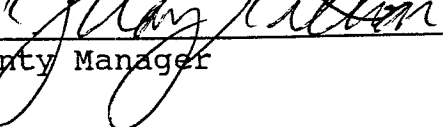
CAROLINA WATER SERVICE, INC.

By:   
Attest: 

Signed, sealed and delivered  
in the presence of:

Two handwritten signatures are written over two horizontal lines.

YORK COUNTY, SOUTH CAROLINA

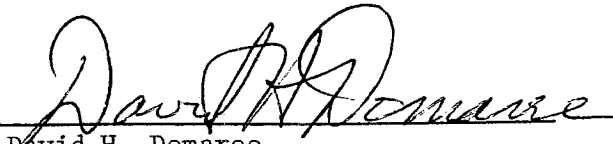
By:   
Attest:   
County Manager

STATE OF ILLINOIS


COUNTY OF COOK

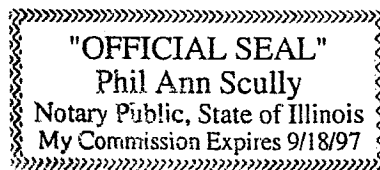
PROBATE

PERSONALLY appeared before me David H. Demaree,  
who made oath that he saw the within named Carolina Water Service,  
Inc., by James Camaren, its Chairman, sign  
the within Agreement for Use of Sewage Force Main and  
Andrew Dopuch, its Vice President,  
attest the same, and the said corporation, by said officers, seal  
said Agreement for Use of Sewage Force Main, and, as its act and  
deed, deliver the same, and that he with  
David C. Carter witnessed the execution thereof.

  
David H. Demaree  
Secretary

SWORN to before me this 13TH  
day of NOVEMBER, 1996.

 (SEAL)  
Notary Public for Illinois  
My Commission Expires: 09-18-97

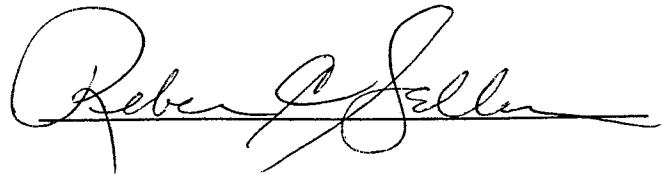


STATE OF SOUTH CAROLINA  
COUNTY OF YORK

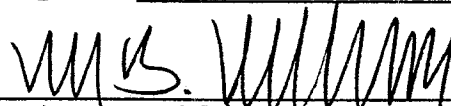
)  
)  
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PROBATE

PERSONALLY APPEARED before me Rebecca C. Sellers,  
who made oath that she saw the within named York County, South  
Carolina, by Carl L. Gullick, its Chairman, sign the  
within Agreement for Use of Sewage Force Main and J. Clay  
Killian, its County Manager, attest the same,  
and the said corporation, by said officers, seal said Agreement for  
Use of Sewage Force Main, and, as its act and deed, deliver the  
same, and that she with Melvin B. McKeown, Jr. witnessed the  
execution thereof.



SWORN to before me this 18th  
day of November, 1996.

 (SEAL)  
Notary Public for South Carolina  
My Commission Expires: August 30, 2000